

MEMORANDUM

December 19, 1995

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *ON*

RE: DOCKET NO. 950003-GU -- SEBRING GAS SYSTEM, INC.  
PGA AUDIT REPORT - PERIOD ENDED SEPTEMBER 30, 1995  
AUDIT CONTROL NO. 95-233-3-2

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The above-referenced audit report is forwarded. Audit exceptions document deviations from the Uniform System of Accounts, Commission rule or order, Staff Accounting Bulletin and generally accepted accounting principles. Audit disclosures show information that may influence the decision process.

The audit was prepared using a micro computer and has been recorded on one diskette. The diskette may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are no confidential working papers associated with this audit.

Please forward a complete copy of this report to:

Sebring Gas System, Inc.  
Jerry H. Melendy, Sr.  
3515 Highway 27 South  
Sebring, FL 33870-5452

DNV/sp

Attachment

cc: Chairman Clark  
Commissioner Deason  
Commissioner Johnson  
Commissioner Kiesling  
Commissioner Garcia  
Mary Andrews Bane, Deputy Executive Director/Technical  
Legal Services  
Division of Auditing and Financial Analysis (Devlin/Causseaux/  
File Folder)  
Division of Electric and Gas (Makin)  
Orlando District Office (Forbes)

Office of Public Counsel

DOCUMENT NUMBER-DATE

12751 DEC 19 95

FPSC-RECORDS/REPORTING

**Florida Public Service Commission**

**Audit Report**

**As of September 30, 1995**

**Field Work Completed**

**December 12, 1995**

**Sebring Gas System, Inc.**

**Sebring, Florida**

**Highlands County**

**Purchased Gas Adjustment Audit**

**Docket No. 950003-GU**

**Audit Control Number 95-233-3-2**

*Orrett L. Douse*

**Orrett L. Douse  
Audit Manager**

**Audit Staff  
Charleston J. Winston**

**Minority Opinion**

**Yes \_\_\_ No aw**

*Ian J. Forbes*

**Ian J. Forbes  
Regulatory Analyst Supervisor  
Orlando District Office**

DOCUMENT NUMBER-DATE

12751 DEC 19 95

FPSC-RECORDS/REPORTING

RECEIVED  
FLORIDA PUBLIC SERVICE COMMISSION  
95 DEC 15 PM 2:30  
FINANCIAL ANALYSIS DIVISION

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## **I. Executive Summary**

**AUDIT PURPOSE:** We have applied the procedures described in Section II of this report to the Company-appended exhibit for the test year ending September 30, 1995, Purchased Gas Adjustment schedules. These procedures were to determine that the exhibit represents Company books, that the books are maintained in compliance with Commission directives, and that the facts which may influence the Commission decision process are disclosed.

**SCOPE LIMITATIONS:** There are no confidential work papers associated with this report. The last day of field work was December 12, 1995, and the audit exit conference was held on December 13, 1995, by telephone.

**DISCLAIM PUBLIC USE:** This is an internal accounting report prepared after performing a limited scope audit; accordingly, this document must not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional audit work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

**OPINION:** Subject to the procedures described in Section II, the Company books and records for the test year ending September 30, 1995, are maintained in substantial compliance with Commission directives.

## **II. Audit Scope**

This report is based on the audit work described below. When compiled is used in this section of the report, it defines completed audit work as follows:

Compiled: The audit staff reconciled exhibit amounts with the general ledger; visually scanned accounts for error or inconsistency; disclosed any unresolved error, irregularity or inconsistency; and, except as noted, performed no other audit work.

**A SCHEDULES:** Compiled and recomputed the Company's A schedules for the period October 1994 through September 1995.

**PGA REVENUES:** Traced therm sales for the aforementioned months to Company's billing register and recomputed.

**COST OF GAS:** Traced therms and cost of gas to the Company's invoices.

**TRUE-UP:** Verified monthly booking of true-up. Recomputed amounts per Company submitted filing and reconciled beginning true-ups to Commission Order Numbers PSC-94-0385-FOF-GU and PSC-95-0350-FOF-GU. Verified that the correct interest rates were applied to under or overrecovered amounts for the twelve months ended September 30, 1995.

COMPARISON OF ACTUAL VERSUS ORIGINAL ESTIMATE  
OF THE PURCHASED GAS ADJUSTMENT COST RECOVERY FACTOR

ESTIMATED FOR THE PERIOD OF:

APRIL 85 Through MARCH 86

COST OF GAS PURCHASED	CURRENT MONTH:				PERIOD TO DATE			
	ACTUAL	REVISED ESTIMATE	DIFFERENCE		ACTUAL	REVISED ESTIMATE	DIFFERENCE	
			AMOUNT	%			AMOUNT	%
1 COMMODITY (Pipeline)	\$247	\$237	\$10	(33.61)	\$1,594	\$1,530	\$64	4.18
2 NO NOTICE SERVICE	937	937	0	0.00	6,031	6,239	(208)	(3.33)
3 SWING SERVICE	0	0	0	ERR	0	0	0	ERR
4 COMMODITY (Other)	5,586	4,792	774	18.15	37,402	33,404	3,998	11.97
5 DEMAND	1,484	1,420	74	5.21	9,841	9,175	666	5.08
6 OTHER - CITY OF SEBRING TRANSPORT CHARGE AND WEST DIV REV SHARING CR - FG	1,053	1,089	(36)	(3.31)	7,352	7,029	323	4.60
<b>LESS END-USE CONTRACT</b>								
7 COMMODITY (Pipeline)	0	0	0	ERR	0	0	0	ERR
8 DEMAND	0	0	0	ERR	0	0	0	ERR
9	0	0	0	ERR	0	0	0	ERR
10 FGT 1983-84 PGA REFUND	0	0	0	ERR	0	0	0	ERR
11 TOTAL COST (1+2+3+4+5+6-10)-(7+8+9)	\$9,297	\$8,475	\$822	9.70	\$62,020	\$57,377	\$4,643	8.09
12 NET UNBILLED	0	0	0	ERR	0	0	0	ERR
13 COMPANY USE	0	0	0	ERR	0	0	0	ERR
14 TOTAL THERM SALES	\$7,813	\$8,475	(\$662)	(7.81)	\$56,820	\$57,377	(\$557)	(0.97)
<b>THERMS PURCHASED</b>								
15 COMMODITY (Pipeline) BILLING DETERMINANTS ONLY	34,500	33,000	1,500	4.55	222,490	213,000	9,490	4.46
16 NO NOTICE SERVICE BILLING DETERMINANTS ONLY	0	135,000	(135,000)	(100.00)	0	899,000	(899,000)	(100.00)
17 SWING SERVICE COMMODITY	0	0	0	ERR	0	0	0	ERR
18 COMMODITY (Other) COMMODITY	34,500	33,000	1,500	4.55	222,490	213,000	9,490	4.46
19 DEMAND BILLING DETERMINANTS ONLY	34,500	33,000	1,500	4.55	222,490	213,000	9,490	4.46
20 OTHER - SEBRING TRANSPORT CHARGE BILLING DETERMINANTS ONLY	32,548	33,000	(452)	(1.37)	224,132	213,000	11,132	5.23
<b>LESS END-USE CONTRACT</b>								
21 COMMODITY (Pipeline)	0	0	0	ERR	0	0	0	ERR
22 DEMAND	0	0	0	ERR	0	0	0	ERR
23	0	0	0	ERR	0	0	0	ERR
24 TOTAL PURCHASES (+17+18+)-(21+23)	34,500	33,000	1,500	4.55	222,490	213,000	9,490	4.46
25 NET UNBILLED	0	0	0	ERR	0	0	0	ERR
26 COMPANY USE	0	0	0	ERR	0	0	0	ERR
27 TOTAL THERM SALES (24-26 Estimated Only)	32,121	33,000	(879)	(2.66)	221,473	213,000	8,473	3.98
<b>CENTS PER THERM</b>								
28 COMMODITY (Pipeline) (1/15)	0.716	0.718	(0.002)	(0.31)	0.716	0.718	(0.002)	(0.26)
29 NO NOTICE SERVICE (2/16)	0.000	0.694	(0.694)	(100.00)	ERR	0.694	ERR	ERR
30 SWING SERVICE (3/17)	0.000	ERR	ERR	ERR	ERR	ERR	ERR	ERR
31 COMMODITY (Other) (4/18)	16.133	14.521	1.612	11.10	16.811	15.683	1.128	7.19
32 DEMAND (5/19)	4.330	4.303	0.027	0.64	4.333	4.308	0.026	0.60
33 OTHER (6/20)	3.235	3.300	(0.065)	(1.96)	3.280	3.300	(0.020)	(0.60)
<b>LESS END-USE CONTRACT</b>								
34 COMMODITY Pipeline (7/21)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
35 DEMAND (8/22)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
36 (9/23)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
37 TOTAL COST OF PURCHASES (11/24)	26.948	25.682	1.266	4.93	27.875	26.938	0.937	3.48
38 NET UNBILLED (12/25)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
39 COMPANY USE (13/26)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
40 TOTAL COST OF THERM SOLD (11/27)	28.944	25.682	3.262	12.70	28.003	26.938	1.065	3.95
41 TRUE-UP (E-2)	(1.81300)	(1.81300)	0.00000	0.00	(1.81300)	(1.81300)	0.000	0.00
42 TOTAL COST OF GAS (40+41)	27.131	23.869	3.262	13.67	26.190	25.125	1.065	4.24
43 REVENUE TAX FACTOR	1.01911	1.01911	0.00000	0.00	1.01911	1.01911	0.00000	0.00
44 PGA FACTOR ADJUSTED FOR TAXES (42+43)	27.649	24.325	3.325	13.67	26.690	25.605	1.085	4.24
45 PGA FACTOR ROUNDED TO NEAREST .001	27.649	24.325	3.324	13.66	26.690	25.605	1.085	4.24

State of Florida

Commissioners:

SUSAN F. CLARK, CHAIRMAN  
J. TERRY DEASON  
JULIA L. JOHNSON  
DIANE K. KIESLING  
JOE GARCIA



DIVISION OF RECORDS &  
REPORTING  
BLANCA S. BAYO  
DIRECTOR  
(904) 413-6770

**Public Service Commission**

December 20, 1995

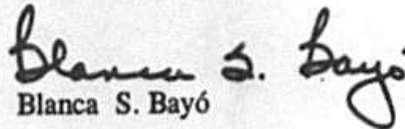
Mr. Jerry H. Melendy, Sr.  
Sebring Gas System, Inc.  
3515 Highway 27 South  
Sebring, Florida 33870-5452

Dear Mr. Melendy:

RE: Docket No. 950003-GU -- Sebring Gas System, Inc.  
PGA Audit Report - Period Ended September 30, 1995  
Audit Control #95-233-3-2

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above date will be forwarded for consideration by the staff analyst in the preparation of a recommendation for this case.

Sincerely,

  
Blanca S. Bayo

BSB/mas  
Enclosure  
cc: Public Counsel